



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

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OMB

BULLETIN NO. 76-6

October 28, 1975

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Increased pay costs for fiscal year 1976 and the transition quarter.

1. Purpose. This Bulletin provides instructions for the submission of:

a. An analysis of increased pay costs for fiscal year 1976 and

b. An analysis of increased pay costs for the transition quarter.

2. Background. Office of Management and Budget (OMB) Circular No. A-11 instructed agencies to include amounts for the October 1975 pay raise in their 1976, transition quarter, and 1977 budget estimates, if the new pay rates were known at the time of submission. If the rates were not known at that time, agencies should adjust their budget schedules upon receipt of Presidential determinations on their 1977 budget allowances to include the additional 1976, transition quarter, and 1977 amounts required for the pay raise.

The information submitted pursuant to this Bulletin will be the basis for requests to the Congress (in the 1977 Budget) for the 1976 and transition quarter pay supplementals.

3. Coverage. These instructions apply to the fiscal year 1976 and transition quarter costs of:

a. Civilian personnel pay raises, including the increase in executive salaries, effective in October 1975 under Executive Order 11883, issued pursuant to P.L. 91-656 and P.L. 94-82, and comparable raises granted by administrative action.

b. Military personnel pay raises effective in October 1975 under Executive Order 11883, issued pursuant to P.L. 90-207.

c. Actual wage board pay raises effective in fiscal year 1975 and granted under 5 U.S.C. 5341, together with additional raises estimated to be granted under the same authority through September 30, 1976.

4. Absorption policy. The amount of the 1976 and transition quarter pay increase costs specified above will be computed on the basis of the latest approved program levels for 1976 and the transition quarter.

Agencies will absorb these increased pay costs to the maximum extent possible by:

a. Using all available resources within the account to cover increased pay costs, wherever possible, and

b. Using existing transfer authority to maximize absorption when resources within an account are insufficient to meet such costs. Agencies should not seek additional transfer authority from Congress for the purpose of meeting increased pay costs for fiscal year 1976 and the transition quarter.

Each agency will apply the principles set forth in OMB Circular Nos. A-44 and A-64 to achieve economies through cost reduction, position management, and other management improvement programs. Reapportionment requests should be submitted in accordance with paragraph 6 below to apportion any funds previously deferred which may now be used to meet increased pay costs (i.e., amounts shown on lines 9A and 10 of the S.F. 132).

Pay supplementals should be proposed only when the head of the agency has determined that full absorption is not possible. Such a determination will be made only after all available resources have been exhausted by being applied against increased costs in the following order of priority:

(1) Program increases for uncontrollable items which qualify for deficiency apportionments, if the total amount can be absorbed.

(2) Any increased pay cost required to be paid to other accounts for reimbursable work.

(3) Any increased pay cost which can be absorbed in full.

(4) Any increased pay cost which cannot be absorbed in full:

- (a) Civilian pay.
- (b) Wage board pay.
- (c) Military pay.

(5) Other program increases.

5. Preparation of required materials. Each agency is required to submit to OMB by November 19, 1975, separate analyses of increased pay costs for (a) fiscal year 1976 and (b) the transition quarter. The analyses will be prepared in accordance with the instructions in the Attachment and submitted in the format of the Exhibit. In some cases, it may be necessary for OMB to obtain approximations of these increased pay costs prior to receipt of the materials due November 19, 1975.

In addition to the required analyses, the agency submission will include:

a. A narrative explanation of the methods used in computing the increased pay costs.

b. Proposed appropriation language, including that required to change limitations or to provide extended availability for multiple-year and no-year accounts (i.e., "to remain available for obligation until...").

The following guidelines will be used in drafting proposed appropriation language:

- Indentation, punctuation, and capitalization will conform with the presentation used in Part III, Title II of the 1976 Budget Appendix (pp. 1039-1043).
- Organization titles and breaks, including the appropriation account title, will conform to the fiscal year 1976 appropriation bills as enacted or as passed by both Houses of Congress. If the 1976 bills have not passed both Houses of Congress, or have passed each House but with differing account titles, the titles in the 1976 Budget will be used.

- All new items not included in the 1976 appropriation bills (e.g., chapters, organizations, accounts, or appropriation language phrases) will be underscored.

Sample formats illustrating the above guidelines follow:

DEPARTMENT OF GOVERNMENT

Office of the Secretary: "Salaries and expenses", \$170,870;

Bureau of Economic Development:

"Salaries and expenses", \$314,880;

"Inspection Services", \$213,590 to remain available until March 30, 19BY;

Development Trust Fund: "Limitation on general operating expenses" (increase of \$1,330,000 in the limitation on general operating expenses);

6. Apportionment and reapportionment requests for fiscal year 1976. Agency requests for reapportionment to reflect increased pay costs for FY 1976 will be submitted (as necessary) in accordance with Part IV of OMB Circular No. A-34, as modified by Bulletin No. 75-15. Requests for "deficiency" apportionments that anticipate a need for pay supplementals are authorized by section 107 of P.L. 94-41 and must be accompanied by three copies of the agency head's statement of necessity, as required by 31 U.S.C. 665(e)(1). The language to be included in the agency head's statement is as follows:

"I hereby determine that it is necessary to request apportionment (or reapportionment) of the appropriation '(appropriation title)' on a basis which indicates the necessity for a supplemental appropriation for pay increases in accordance with section 107 of P.L. 94-41."

When a group of such requests is transmitted at one time, a single certification may be used for all requests.

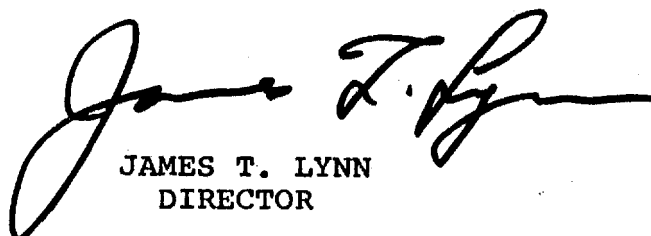
7. Apportionment requests for the transition quarter. In most cases, funds available during the transition quarter will be automatically apportioned. Apportionment requests (S.F. 132's) for the transition quarter will be submitted only when there is a need to (a) establish withholdings during the transition quarter, or (b) apportion resources on other than a time period basis (e.g., specific construction projects). Such requests will be submitted during the

fourth fiscal quarter of 1976 but not later than May 21, 1976.

Where full absorption of increased pay costs is not possible and supplemental appropriations for an account have not been enacted prior to May 15, 1976, agency heads will submit to OMB by May 21, 1976, three copies of their statements of necessity, as required by 31 U.S.C. 665(e)(1). Deficiency apportionment requests, however, will be submitted only if there is a need to apportion resources on other than a time period basis. In such cases, the Standard Form 132 will accompany the statement of necessity.

(NOTE: Detailed instructions on the timing and preparation of transition quarter apportionment requests will be issued to agencies later.)

8. Supplemental appropriations for 1976 and the transition quarter. The proposed appropriation language and analyses required under paragraph 5 will serve as the request for 1976 and transition quarter pay supplementals. Upon approval by OMB of amounts of supplemental appropriation requests, agency budget schedules will be adjusted as necessary. Program supplementals will be handled separately, in accordance with the regular procedures of OMB Circular No. A-11.



JAMES T. LYNN
DIRECTOR

Attachment

BULLETIN NO. 76-6
AttachmentAnalysis of Increased Pay Costs for
Fiscal Year 1976 and the Transition Quarter

Each agency will submit by November 19, 1975, separate analyses of increased pay costs for (a) FY 1976 and (b) the transition quarter, resulting from the items specified in paragraph 3 of this Bulletin. An original and two copies of these analyses will be prepared for both fiscal year 1976 and the transition quarter in the format illustrated by the Exhibit. Each analysis will be accompanied by the narrative explanation and appropriation language required in paragraph 5 of this Bulletin.

For purposes of these analyses, allocation accounts (transfer appropriation accounts) will be reported with the parent account rather than with the receiving agency. Each agency receiving an allocation will furnish to the agency responsible for the parent account the data necessary to prepare the analyses (including justifications) by November 12, 1975, unless other arrangements have been made by the agencies concerned. Allocation accounts will be considered a source of transfer only by the parent agency.

In the case of advances or reimbursements paid into revolving and management funds (including consolidated working funds) and appropriation accounts, the receiving agency which performs the services will include the associated increased pay costs as a part of its absorption, without the necessity of separate identification or of clearance with the paying agency. The ordering agency making the payment will consider this as a part of its ordinary expenses and will not need to identify these as increased pay costs, as such costs relate to employees of the performing agency. However, Congressional action may be necessary to provide additional appropriations to cover payments to other accounts or agencies for increased pay costs for reimbursable work. In such cases, the portion of the increased pay costs attributable to advances and reimbursements must be ascertained and justified. (See instructions for entries under column 4 below.)

Where allocation accounts or more than one type of pay increase are involved (i.e., civilian statutory pay systems including executive salaries, wage board, administrative action, or military pay systems), the amounts applicable to each will be reported separately in columns 2 through 8 of each analysis. (See paragraph 4 of this Bulletin concerning

absorption policy.) On each analysis--FY 1976 and the transition quarter--totals will be shown for the amount attributable to each type of pay raise involved. The final entry in each table will be labeled "Total, all pay increases" and will show the total amounts for the agency for columns 2 through 8.

The analyses will be prepared on 8" x 13" paper, as described below:

Column 1. List under each bureau or organizational unit to which separate appropriations or funds are available, the title of each account (other than allocations from other agencies) out of which any increased pay costs are paid directly. These will include revolving and management funds (including consolidated working funds) and trust funds. Account titles will be listed in the order in which they appear in the budget. At least one line should be left between account titles. Allocations to other agencies will be indented under the title of the parent appropriation account.

Increased pay costs under civilian statutory pay systems (including executive salaries) will be entered without further identification. Other types of pay increases (i.e., wage board, administrative action, military pay system) will be identified in the stub column under each account where appropriate.

Column 2. Report the direct cost of pay raises for employees paid from the account being reported, whether or not the costs result from the performance of reimbursable work. Agencies should be careful to include any additional payments required by Executive Order 11883 that are normally associated with object class 11, such as overtime, Sunday premium pay, etc. If the increased pay cost is disproportionately high in relation to the base for any account, the reasons should be fully set forth in the narrative explanation. Do not report in this column advances or reimbursements paid to other accounts for work or services. (To the extent they cannot be absorbed through currently authorized agency administrative action, they are to be reported in column 4.)

Column 3. For each listed account, report the added costs that are not direct but are related to the pay raise, whether or not the costs are reimbursable. For this purpose, the related costs include such items as Government retirement contributions, employer FICA taxes, Government

contributions to employee life insurance premiums, and other payments which are based on employees' salaries.

Do not report in this column advances or reimbursements paid to other accounts for work or services. (To the extent they cannot be absorbed through currently authorized agency administrative action, they are to be reported in column 4.)

Column 4. Report the portion of the increased pay costs to be paid as advances and reimbursements to other accounts that cannot be absorbed through administrative action. In most cases this column should be blank, since payments to other accounts will be considered for absorption ahead of the increased pay cost of the account itself.

Column 5. Report for each account the portion of the increases shown in columns 2 and 3 that can be absorbed through currently authorized agency administrative action. This will include absorptions through transfers from other accounts that can be made under existing authority and amounts to be covered by reimbursements from other accounts. (NOTE: Funds available for absorption purposes under existing authority will be applied to column 4 before column 5. If any amount is shown in column 4, column 5 will be blank.)

Column 6. Report the portion of the increased costs in columns 2, 3, and 4 that could be absorbed if the Congress provides authority to increase limitations on administrative expenses or personal services.

Column 7. Total of columns 5 and 6.

Column 8. This column should equal the sum of columns 2, 3, and 4 minus column 7, and will represent the additional appropriation considered necessary as a result of the pay raises reported.

NOTES: a. Amounts are in dollars.
b. Actual size of this form
is 8 x 13 inches.

EXHIBIT
Bulletin No. 76-6

ANALYSIS OF 1976 INCREASED PAY COSTS*

Organizational unit and account title	Increase in direct pay and other related cost of this agency		Amounts not absorbed ad- ministratively to be paid to other accounts	Possible by admin- istrative action	Net absorption		Additional appropria- tion required
	Direct	Related			Requiring increase in limi- tation	Total	
	pay (2)	cost (3)			(6)	(7)	(8)
Office of the Secretary:							
Salaries and expenses.....	197,420	18,700	. . .	45,250 ^{1/}	. . .	45,250	170,870
Wage board.....	31,500	2,950	. . .	34,450	. . .	34,450	. . .
Bureau of Economic Development:							
Salaries and expenses.....	949,160	89,220	. . .	723,500	. . .	723,500	314,880
Allocation to:							
Dept. of the Interior.....	22,100	2,080	. . .	24,180	. . .	24,180	. . .
Inspection Services.....	176,000	16,540	21,050	213,590
Development Trust Fund.....	1,240,000	111,600	. . .	21,600	1,330,000	1,351,600	. . .
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Government Corporation:							
ABC Revolving fund (adm. action).....	1,065,000	100,110	. . .	865,110	300,000	1,165,110	. . .
Total:							
Civ. stat. pay systems.....	9,336,400	872,660	42,310	4,297,100	1,392,340	5,689,440	4,561,930
Wage board.....	142,500	13,250	. . .	84,450	9,260	93,710	62,040
Adm. action.....	1,065,000	100,110	. . .	865,110	300,000	1,165,110	. . .
Total, all pay increases.....	10,543,900	986,020	42,310	5,246,660	1,701,600	6,948,260	4,623,970

^{1/} Includes \$15,000 to be transferred from "Salaries and Expenses, Bureau of Safety" under existing authority.

* A separate analysis will be compiled for the transition quarter using the same format.